



environmental consultants, inc.

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DIVISION OF
OIL, GAS AND MINING

December 22, 2000

Mr. Don Ostler
Director
Utah Division of Water Quality
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4870

RE: North Lily Mining Company, Silver City, Utah Facility - Final Plan for Post-Closure
Fluid Management System (PCFMS) - Response to December 15, 2000 Letter

Dear Mr. Ostler:

Thank you for the conditional approval of the subject PCFMS Plan as expressed in your letter of December 15, 2000. North Lily understands and accepts the conditions set forth in the letter.

During the last project update conference call on December 17, 2000, I had proposed an alternate design for the leachfield given topographic restraints to the proposed ultimate gravity flow system that would be the "permanent" means of residual leach draindown fluids reaching the leachfield. As a result, an alternate design proposal was requested and I had agreed to provide that design change request by today. Subsequent to that conference call, I received a follow-up call from Wayne Hedburg of the Division of Oil Gas and Mining (DOGM) on behalf of the State conferees. Wayne requested that JBR evaluate the possibility of installing a leachfield with lesser capacity than the original 10 gpm-capacity leachfield proposed in the PCFMS Plan in a location in the vicinity of percolation test site TP-B that could be converted to gravity flow as originally proposed. I agreed that we would do so and, subsequently, we identified four test pit locations for supplemental percolation tests. These sites are located adjacent to site TP-B on the northeast, east and south in areas that would allow draindown fluids to reach a leachfield constructed in that general vicinity by gravity flow. The test pits were excavated yesterday and the percolation tests are being conducted today. Evaluation of the results of the tests will be completed by December 27.

Since JBR's proposal to modify the PCFMS to a non-gravity flow has system been tabled, a revised plan is not appropriate, at least as yet. On behalf of North Lily, JBR proposes instead to respond by submitting a topographic survey and the above-referenced percolation test data to the Division of Water Quality (DWQ) and DOGM on or about December 28, 2000. At the same time, if the data indicated that an area of sufficient permeability to dispose of 5 gpm of fluid flow

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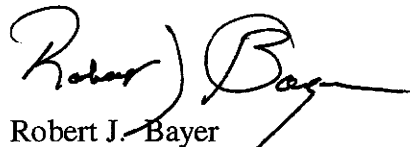
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exists in the vicinity of TP-B, we will begin preparing the final sizing and location of a 5-gpm system and, along with as-built drawings of the proposed septic tank(s), submit them for review and approval by the divisions, along with a proposed construction schedule.

Given the limited area in the vicinity of TP-B and its close proximity to TP-E, which has unacceptably low permeability, there is potential that a leachfield of sufficient size may not be able to be built in the area evaluated by the percolation tests. If this is the case, and while the divisions are reviewing the additional percolation test and topographic data, JBR will design and implement a supplemental percolation program to accomplish one of the following two options, dependent upon the current test results, which are presented in order of preference: evaluation of untested adjacent areas to the north of TP-B where minimal earth moving could allow for creation of a land surface area downgradient from the leach pad; or further evaluation of the areas surrounding sites TP-C and TP-D so that we can size and locate a pump-fed system in this area of higher permeability soils.

If the above-described approach is not satisfactory to DWQ for any reason, please let me know at your earliest convenience. If you wish to respond by email, my email address is rbayer@jbr-env.com. Thank you for your prompt attention to this matter

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Bayer", with a stylized flourish at the end.

Robert J. Bayer
Managing Principal

cc: Dennis Frederick, DWQ
Fred Pehrson, DWQ
Beth Wondimu, DWQ
Mary Ann Wright, Division of Oil Gas and Mining
Wayne Hedburg, Division of Oil Gas and Mining
Stephen Flechner, North Lily Mining Company
Mike Keller, VanCott Bagley